

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

673



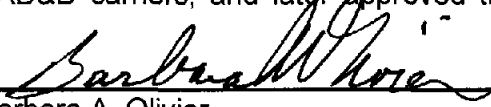
**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
July 18, 2011

**SUBJECT:** Employee Basic Life Insurance, Accidental Death and Dismemberment (AD&D) Insurance, and Long Term Disability renewal rates; and Voluntary Additional Life Insurance, Spouse Life and Dependent Child Life Insurance renewal rates.

**RECOMMENDED MOTION:** That the Board of Supervisors 1) ratify and approve the renewal policy with Standard Insurance Company (Standard) for Basic Life Insurance, Accidental Death & Dismemberment (AD&D) and Long-Term Disability benefits, effective July 1, 2011 through June 30, 2013 (Attachment A - B); 2) approve the renewal policy with Standard for Voluntary Additional Life, Spouse Life, and Dependent Child Life, effective January 1, 2012 through December 31, 2013; 3) approve the Experience Rating Refund Agreement and Premium Renewal Rates for each plan (Attachment C - F); 4) authorize the Chairperson to sign four (4) copies of the agreement; and 5) retain one (1) copy of the signed agreement and return three (3) copies of the agreement to Human Resources for distribution.


**BACKGROUND:** On August 28, 2001, the Board approved Standard Life Insurance Company (the Standard) as one of the County's Life and AD&D carriers, and later approved the Standard as the County's LTD carrier.

  
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 Barbara A. Olivier  
 Asst. County Executive Officer/Human Resources Dir.

|                       |                               |             |                         |         |
|-----------------------|-------------------------------|-------------|-------------------------|---------|
| <b>FINANCIAL DATA</b> | Current F.Y. Total Cost:      | \$2,170,692 | In Current Year Budget: | Yes     |
|                       | Current F.Y. Net County Cost: | \$1,476,071 | Budget Adjustment:      | No      |
|                       | Annual Net County Cost:       | \$1,476,071 | For Fiscal Year:        | 2011/12 |

|   |   |                          |
|---|---|--------------------------|
| <b>SOURCE OF FUNDS:</b> Department and employee payroll deductions. | <b>Positions To Be Deleted Per A-30</b> | <input type="checkbox"/> |
|   | <b>Requires 4/5 Vote</b>                | <input type="checkbox"/> |

**C.E.O. RECOMMENDATION:** APPROVE

  
 BY: \_\_\_\_\_  
 Robert Tremaine

**County Executive Office Signature**

- Policy
- Consent
- Policy
- Consent

Dep't Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:** 08/28/2001; 3.38 | **District:** All | **Agenda Number:**

**3.60**

**Background (continued):**

**Life Insurance (policy Attachment A)**

The Standard Basic Life insurance policy coverage in the amount of \$50,000 is employer paid and available to eligible Elected Officials, Management employees including Public Defenders, Confidential, Unrepresented, Deputy District Attorney Association, Law Enforcement Management Unit, and \$10,000 for Riverside Sheriffs' Association Public Safety. There are approximately 2,581 employees enrolled in the Basic Life plan.

Standard Voluntary Additional Basic Life, Spouse Life and Dependent Child Life insurances policies are available for employees to purchase. Employees may purchase additional life up to \$500,000, Spouse/Domestic Partner Life up to \$100,000 and Dependent Life up to \$10,000. There are approximately 834 employees enrolled in Additional Life, 424 enrolled in Spouse/Domestic Partner Life, and 342 enrolled in Dependent Child Life.

If approved, effective July 1, 2011, Standard will reduce the Basic Life insurance rate from 0.178 to 0.15 per \$1,000 of benefit which would represent a savings of 16%; and effective January 1, 2012, the Voluntary Additional Life and Spouse/Domestic Partner Life rates will also decrease by 16%. The renewal rates for the employer paid Basic Life, AD&D, and Dependent Life are guaranteed until June 30, 2013 and the employee Voluntary Additional Life, Spouse/Domestic Partner and Child Life rates are guaranteed until December 31, 2013.

Employees represented by the Service Employees International Union (SEIU) and the Laborers' International Union of North America (LIUNA) are eligible for Basic and Voluntary life insurance coverage under the County's insurance policy contract with Lincoln Financial Group (Lincoln). The Lincoln contract will expire January 1, 2013. The Standard policy was last marketed in calendar year 2001, and the Lincoln policy was last marketed in 2002. Both contracts allow for the County to terminate with notice at any time. Human Resources will initiate a Request for Proposal (RFP) in the near future for all life insurance coverage.

**Long-Term Disability (LTD)**

The County's LTD policy with Standard is employer paid and provides replacement income for eligible members listed in Attachment B.

The LTD policy has been amended to include changes required by the California Department of Insurance (CDI), to provide a broader definition of Total Disability by Own Occupation; include claim notice and filing requirements; and to remove LTD policy language that is no longer acceptable by the CDI.

Currently, the County provides this benefit to approximately 3,502 eligible employees. The LTD benefit is provided on a fully insured basis and provides income replacement up to 66 2/3% of qualified predisability earnings. There are no changes to the current LTD rate of 0.76% salary which includes an administrative fee. The renewal rate is guaranteed until June 30, 2013.

LTD was last marketed in calendar year 2001. The LTD contract allows the County to terminate with notice at any time. Human Resources will initiate an LTD Request for Proposal (RFP) in the near future.

### **Experience Rating Refund Agreements**

The County's Basic Life (including employer paid Dependent Life), Accidental Life (including employee paid Dependent Life) and Long Term Disability each have separate Experience Rating Refund Agreements (Attachment C – E). The Experience Rating Refund Agreements provide a Claims Fluctuation Reserve (CFR) account. The CFR provides long term rate stabilization in the event of unexpected liability or claim experience fluctuation.

Human Resources will monitor the CFR and ensure that reserves are maintained at an appropriate level.